

# **EXHIBIT B**



## **San Jose Mercury-News 8-9-04**

### **Law students claim they have been had State agencies investigating school run by ex-S.J. attorney By Howard Mintz**

Eighteen years ago, San Jose lawyer Michael Narkin surrendered his law license rather than face more than a dozen disciplinary charges for allegedly ripping off his clients and botching their cases.

But despite a dubious track record that also includes a litany of malpractice suits against him, California regulators in 1996 licensed Narkin to establish the Saratoga University School of Law, an Internet correspondence program where he served as dean and, from all appearances, faculty and administration.

Now Narkin's smooth ride through what critics consider a lax state regulatory system for correspondence schools has backfired for dozens of students who contend they are getting a crash course in fraud.

Students say they've wasted thousands of dollars in tuition, sidetracking their efforts to finish law school and take the bar exam so they can fulfill their dreams of becoming lawyers. Disgruntled students can't find Narkin, who recently sold the San Jose home where he operated the law school.

As a result, state consumer officials are scrambling to help the students, the State Bar of California is reviewing the school's status and law enforcement officials are investigating complaints against Narkin.

No responses

``I left so many messages for him -- I left him certified letters, I sent e-mails and I've had no messages back from him for two months," said Ramesh Deswal, a second-year student from San Jose who has filed complaints with regulators and local prosecutors. ``I don't know what to do now. If he had been in so much trouble before, why did the bar or the state just let him run a school?"

Narkin defends his actions and his credentials to run the four-year law program, which typically has had up to 100 students who pay \$3,100 in tuition annually. When reached by the Mercury News, he said he's the victim of one disgruntled former student who has waged an Internet smear campaign that has left the school on the brink of collapse.

Narkin would only say he's living somewhere in California, but offered assurances he's trying to process the work of students currently enrolled so he can get them grades and transcripts that would enable them to eventually take the state bar exam.

``I'm slowly getting everybody's material out to them," said Narkin, who maintains the school's financial troubles have forced him to seek other work at the same time. ``We're trying to take care of the students so there is the least amount of hurt."

As the Saratoga University situation demonstrates, it isn't particularly difficult to set up an Internet law school these days and get licensed by authorities in California, the only

state in the nation that allows graduates of such schools to take the bar exam.

Narkin, now 57, gave up his law license in 1986 while facing 16 counts of misconduct, including abandoning clients, misappropriating their money and dishonesty. More than a dozen former clients had sued him for malpractice, including one who won a \$100,000 settlement and another who obtained a \$70,000 jury verdict.

Ten years later, he opened his law school.

Declined to comment

The state Bureau of Private Postsecondary Vocational Education, which is now part of the California Department of Consumer Affairs, declined to comment directly on whether Narkin's checkered history as a lawyer should have prevented him from getting the license to open a law school. The bureau licenses and monitors thousands of private trade schools like Saratoga.

But Pamela Mares, spokeswoman for the department, said there is nothing in the education code that precludes a disciplined or disbarred attorney from owning a law school or teaching law. Mares declined to discuss specifics of Narkin's case, other than confirm the agency is investigating the complaints.

The bureau's policing of California's private trade schools has been a source of controversy for years. Originally established in 1989 to crack down on the state's so-called ``diploma mills," it was scaled back by legislation in 1998 when critics, including then-Gov. Pete Wilson, claimed it was too aggressive.

Saratoga's students say the bureau let them down by not being aggressive enough in probing Narkin's background before licensing him to open Saratoga.

``If they'd done a proper investigation, they'd have known this guy was a disgraced former attorney," said Jeffrey Vogland, a Fresno student who contends he's out more than \$3,000 in tuition and unable to get hold of Narkin to get his grades and transcripts.

Narkin disagrees that his past troubles should have prevented him from opening the school, saying the school operated fine for years and in fact had its license renewed in 2003. The school relies primarily on books and audiotapes as teaching methods.

Five students took exam

State bar officials say five Saratoga University School of Law students took the October 2003 bar exam, with one passing.

``We would have been unable to get relicensed if we'd had any serious problems," Narkin said.

In fact, records show that Narkin had periodic troubles with students, but many complaints were dismissed by regulators as unsubstantiated. Narkin has two judgments pending against him in Santa Clara County Superior Court, where one former student from Colorado got a judge to order him to reimburse her \$3,000 tuition, plus interest. The student raised complaints similar to what dozens of students now maintain -- that Narkin took tuition up front and then did little in return.

However, since January, the complaints against Saratoga and Narkin have escalated, prompting state officials to take a hard look at what is going on. To Saratoga's students, who have taken to Internet chat rooms to blast Narkin and share ways to deal with their dilemma, the investigation has come too late.

``The purpose of licensing is to protect the public," said Claudia Keith, a Saratoga

student from Ohio who could only enroll in a correspondence school because she worked a full-time job. ``The licensing system failed us in this."

Narkin said this week he plans to either sell or close Saratoga University, but if he doesn't shut it soon, state authorities may take care of it themselves.

Since 1999, there have been more than 30 complaints against Saratoga lodged with the state Bureau of Private Postsecondary Vocational Education -- and the agency is currently investigating 15 cases ranging from allegations of false advertising to fraud.

#### State bar review

In addition, the state bar, which also has received ``numerous" complaints, has sent a notice to Saratoga that it is reviewing whether to revoke the school's registration with the Board of Bar Examiners, which regulates legal education in California.

The state bar doesn't license or monitor unaccredited law schools like Saratoga, but registration allows graduates to take the state bar exam. State bar officials concede that requirements for registering with the bar examiners are minimal -- the primary requirement, in fact, is a license from the state's bureau of private postsecondary education.

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